



**U.S. Customs and Border Protection**  
**Report to Congress on**  
**the Automated Commercial Environment (ACE)**  
**Third Quarter 2006**

# U.S. Customs and Border Protection Report to Congress on the Automated Commercial Environment (ACE)

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## 1. Legislative Requirement

The Automated Commercial Environment (ACE) Report to Congress is provided quarterly in accordance with the requirement set forth in House Report 109-79, which states:

“The Committee believes that ACE and CBP modernization should be integrated, if not form the core, of DHS information system and border security technology, including the Container Security Initiative and Automated Targeting Systems. The Committee directs CBP to address such issues in its quarterly reports on ACE implementation progress.”

### **H. R. Rep. 109-79, at 31 (2005).**

In addition, the ACE Report to Congress satisfies section 311(b)(3) of the Customs Border Security Act of 2002 (Trade Act of 2002), which requires that:

Not later than 90 days after the date of the enactment of this Act, and not later than the end of each subsequent 90-day period, the Commissioner of Customs shall prepare and submit to the Committee on Ways and Means of the House of Representatives and the Committee on Finance of the Senate a report demonstrating that the development and establishment of the Automated Commercial Environment computer system is being carried out in a cost-effective manner and meets the modernization requirements of Title VI of the North American Free Trade Agreement Implementation Act.

### **Customs Border Security Act of 2002, Pub. L. No. 107-210, § 311, 116 Stat. 933, 973 (2002).**

This report also responds to FY 2006 Expenditure Plan approval letters by the Senate and House of Representatives Chairmen of the Subcommittees on Homeland Security of the Committees on Appropriations. Accordingly, this report discusses efforts to (1) work with the Department of Homeland Security (DHS) Chief Information Officer (CIO) to certify that each release or drop is ready to proceed beyond Critical Design Review (CDR) and Production Readiness Review (PRR); (2) ensure that ACE goals, benefits, desired business outcomes, and performance metrics are aligned, and have these certified by the Commissioner, U.S. Customs and Border Protection (CBP), and the Department by July 1, 2006; and (3) ensure that the human capital strategy for the CBP Office of Information and Technology (OIT) is completed, mapped to the ACE program, and certified by the CBP Commissioner by July 1, 2006. Status updates on each of the three aforementioned directives are included in responses to open Government Accountability Office (GAO) recommendations.

Updates on efforts to fully address GAO recommendations are included in this report pursuant to GAO Report 04-719, Customs Modernization, May 2004, which requires CBP to report on the status of open GAO recommendations.

## 2. Executive Summary

The Report to Congress on ACE provides an update on ACE accomplishments, challenges, fiscal status, and upcoming program milestones. Most significantly, the report demonstrates how ACE is helping CBP achieve DHS strategic objectives, and is providing CBP personnel in the field with enhanced capabilities to better accomplish the CBP mission of preventing terrorism and facilitating legitimate trade and travel.

Congress has stated that ACE and CBP Modernization should be integrated with, if not form the core of, DHS information systems and border security technology.

Accordingly, this report also addresses the ongoing CBP efforts to integrate ACE with other systems and engage other Government agencies to participate in the ACE/ International Trade Data System (ITDS). The report also includes the status of efforts to resolve GAO open audit recommendations, including the status of progress against program commitments.

The Report to Congress on ACE is provided to the Senate Finance Committee, House Ways and Means Committee, and both the House and Senate Appropriations Committees. The reporting period for this update is April 1 to June 30, 2006. A review of previous reports may be helpful in understanding the full context of the information provided in this edition of the report. Appendix A outlines ACE implementation and capabilities.

### Notable in this Report

On May 20, 2006, CBP completed the deployment of electronic manifest (e-Manifest): Trucks (Release 4) at the Nation's Southern Border following deployments to Laredo, Texas, as well as Otay Mesa, California, and neighboring ports, including Calexico, Andrade, and Tecate, California, and San Luis, Arizona. CBP has also begun initial deployment of ACE to land border ports in New York, including Champlain, Cannon Corners, Mooers, Rouses Point, and Overton's Corner. ACE is now operational at 44 land border ports.

CBP completed the Screening Foundation (S1) Operational Readiness Review (ORR) on April 6, 2006. S1 provides new rule-defining capabilities and a user interface that allow screening rules to be easily developed, assessed, and implemented without changes to software code. On June 12, 2006, CBP deployed Screening Foundation (S1) at the National Targeting Center.

CBP collected via the May 19, 2006, ACE periodic monthly statement a record \$516 million in duties and fees, representing 23.7 percent of total adjusted statement collections. Total collections of duties and fees via ACE since CBP issued the first periodic monthly statements in July 2004 now top \$4.5 billion.

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The number of ACE accounts increased 58 percent during the third quarter to 4,003 accounts, including ACE Secure Data Portal accounts, and non-portal accounts that can be used to pay duties and fees monthly through a broker.

### 3. Background

In 2001, the U.S. Customs Service (now part of CBP) embarked on ACE as its first project in a multiyear modernization effort to reengineer agency business processes and the information technology that supports them. The initial plan was to focus first on ACE and trade processing and then on other elements of CBP Modernization, including enforcement. The terrorist attacks on September 11, 2001, changed this focus. ACE is being developed to support the CBP mission of: (1) protecting the American public against terrorists and the instruments of terror and (2) enforcing the laws of the United States while fostering our Nation's economic security through lawful international trade and travel.

With the establishment of DHS, CBP has also aligned ACE with the DHS mission and strategic goals. ACE will help reduce our Nation's vulnerability to threats without diminishing economic security by providing threat awareness, prevention, and protection for the homeland. Specifically, ACE will help:

- detect, deter, and mitigate terrorist and other threats;
- assess vulnerabilities to homeland security and the American public;
- safeguard U.S. citizens and critical infrastructure from acts of terrorism; and
- serve the public by effectively facilitating the movement of lawful trade.

Working closely with other Government agencies and the trade community, CBP is modernizing to enhance interagency information sharing and analysis, replace and/or supplement existing systems taxed by increasing demands, and comply with legislation requiring greater agency efficiency and effectiveness to better serve the public. Among other capabilities, CBP personnel will have even more advanced automated tools and better information to decide – before a shipment reaches U.S. borders – what cargo should be targeted because it poses a potential risk, and what cargo should be expedited because it complies with U.S. laws.

### 4. Compliance with the Customs Modernization Act

The 1993 Customs Modernization Act (Mod Act) was passed with legislation implementing the North American Free Trade Agreement. The Mod Act is the legal foundation for the CBP Modernization effort and promotes the concepts of “informed compliance” and “shared responsibility.” This requires CBP to provide accurate and timely information on CBP roles and responsibilities to the trade community. It also requires the trade community to use reasonable care in fulfilling its compliance

obligations. To help accomplish these objectives, the Mod Act outlined requirements for automation and emphasized electronic trade processing. The delivery of ACE capabilities will fulfill the Mod Act by enabling trade community users and CBP Officers to electronically submit and retrieve import transaction data through an easy-to-use, standards-based, secure web portal. ACE is providing new capabilities to government users and the trade community by enabling the redesign of trade compliance processes and strengthening Screening and Targeting systems. These are key requirements for enhancing border security and expediting legitimate trade. Appendix B shows how ACE releases are aligned with the Mod Act and will fulfill its requirements upon the completion of ACE.

## 5. Performance

This section highlights program accomplishments during the third quarter of Fiscal Year 2006, outlines efforts to address open GAO recommendations, and provides an overall assessment of the program.

### 5.1 Selected ACE Accomplishments

The following are selected program accomplishments between April 1, 2006, and June 30, 2006:

- **Completed southern border deployment of ACE e-Manifest: Trucks (Release 4).** On May 20, 2006, CBP completed the deployment of e-Manifest: Trucks (Release 4) at the nation's southern border following deployments to Laredo, Texas, as well as Otay Mesa, California, and neighboring ports, including Calexico, Andrade, and Tecate, California, and San Luis, Arizona. CBP has also begun initial deployment of ACE to land border ports in New York, including Champlain, Cannon Corners, Mooers, Rouses Point, and Overton's Corner. ACE is now operational at 44 land border ports.
- **Completed the ORR for Screening Foundation (S1) capabilities.** CBP completed the S1 ORR on April 6, 2006. S1 provides new rule-defining capabilities and a user interface that allow screening rules to be easily developed, assessed, and implemented without changes to software code.
- **Expanded e-Manifest processing and Electronic Data Interchange (EDI) certification:** CBP received a record 3,342 e-Manifests in May 2006, up from 918 e-Manifests and 846 e-Manifests in April and March 2006, respectively. The number of carriers certified to submit e-Manifests via EDI increased 42 percent in the third quarter to 278 companies, including 262 carriers and 16 service bureaus.
- **Increased growth in periodic monthly statement collections:** CBP collected via the May 19, 2006, ACE periodic monthly statement a record \$516 million in duties and fees, representing 23.7 percent of total adjusted statement collections. Total

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collections of duties and fees via ACE since CBP issued the first periodic monthly statements in July 2004 now top \$4.5 billion.

- **Expanded trade community participation in ACE:** The number of ACE accounts increased 58 percent during the third quarter to 4,003 accounts, including ACE Secure Data Portal accounts and non-portal accounts that can be used to pay duties and fees monthly through a broker.
- **Certified new ACE Ambassadors.** CBP certified 22 new ACE Ambassadors on April 4 and 5, 2006, to help communicate the latest information about Modernization and ACE to CBP field personnel and the local trade community. There are now 149 ACE Ambassadors.
- **Completed the Critical Design Review (CDR) for Entry Summary, Accounts, and Revenue (ESAR) Master Data and Enhanced Accounts (A1):** On May 4, 2006, CBP completed the CDR for ESAR A1 capabilities, signaling that stakeholders have accepted requirements and system design, and initiating the process for obtaining certification by the DHS CIO that the release is ready to move beyond CDR.
- **Completed the Preliminary Design Review (PDR) workshop for Cargo Control and Release (CCR), e-Manifest: Rail and Sea (Release 6, M1) capabilities.** On May 4, 2006, CBP completed the PDR workshop for CCR (Release 6, previously named e-Manifest: All Modes and Cargo Security) M1 capabilities, signaling that system design satisfies requirements, and that the system architecture is sufficient to guide development of a detailed system design.
- **Demonstrated ACE wireless capabilities.** On May 4, 2006, CBP completed a proof-of-concept demonstration of ACE wireless capabilities that allow officers to perform cargo release tasks from a hand-held wireless device. The demonstration validated plans to develop and implement a pilot of this capability prior to deployment of CCR e-Manifest: Rail and Sea (M1).
- **Developed ACE Human Capital Management Strategic Plan.** In May 2006, the OIT Cargo Systems Program Office (CSPO) completed development of a strategic human capital management plan for the ACE program. The plan is aligned with the OIT Strategic Human Capital Management Plan and provides a strategy for managing ACE human capital needs.
- **Deployed S1 capabilities to the National Targeting Center (NTC).** On June 12, 2006, CBP deployed Screening Foundation (S1) to the National Targeting Center, enabling analysts to begin using S1 capabilities to easily develop, assess, and implement new rules.
- **Expanded the ITDS Board of Directors (BoD).** The ITDS BoD has been expanded to include principals from the Federal Maritime Commission, the National

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Oceanic and Atmospheric Administration, the Animal and Plant Health Inspection Service, and the Alcohol and Tobacco, Tax and Trade Bureau to further enhance inter-agency collaboration in preparation for the introduction of future ACE releases.

### 5.2 Open GAO Recommendations

The following section summarizes open GAO recommendations and CBP efforts to fully address these recommendations.

#### 5.2.1 Cost Estimating

The GAO has recommended that Modernization expenditure plans be reconciled with independent cost estimates. As part of its review of the Fiscal Year (FY06) Modernization Expenditure Plan, the GAO found that the Modernization Program had implemented its recommendation.

The GAO has also recommended that CBP implement a rigorous cost-estimating program that is consistent with standards established by the Software Engineering Institute. OIT has established a disciplined cost-estimating process. This process includes a Life Cycle Cost Model (LCCM), which enables an independent government analysis and validation of primary cost and schedule estimates. The LCCM is also used to develop CBP Modernization Expenditure Plans. Future improvements to the cost estimating program will include considering more historical data when calculating cost and schedule estimates and establishing a consistent methodology for estimating.

#### 5.2.2 Human Capital Management

The GAO has recommended that CBP develop a strategy for managing ACE human capital needs. In its most recent report, GAO-06-580, the GAO recommended that this strategy be included in the June 30, 2006, Report to Congress on ACE. CSPO has developed the CSPO Strategic Human Capital Management Plan (SHCMP), which is an ACE program-specific iteration of the OIT SHCMP. The CSPO SHCMP was developed in coordination with the OIT SHCMP to provide better near- and long-term human capital management practices for the OIT offices that are involved in ACE development, including CSPO and the Targeting Analysis Systems Program Office (TASPO). Both the CSPO SHCMP and the OIT SHCMP are aligned with the Human Capital Assessment and Accountability Framework (revised by the Office of Personnel Management (OPM) in 2005), which reflects the consolidated guidance of the Office of Management and Budget (OMB), OPM, and GAO.

The CSPO SHCMP outlines human capital planning and management policies and practices for the government staff involved in ACE development. It serves as a reference for ACE program stakeholders, including contractors and oversight entities. The CSPO SHCMP addresses solutions to human capital problems that will allow CBP to attract, recruit, and retain qualified individuals, as well as evaluate employees against sound performance-based measures. It is organized around five key goals: (1) develop



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a leader-centered culture; (2) develop a flexible, quality hiring strategy; (3) develop and implement a succession management plan; (4) develop and retain employees; and (5) redefine a performance culture (reward excellence). Specific strategies supporting each of these goals are outlined in Appendix C of this report. The CSPO SHCMP was approved by the Commissioner, CBP, on June 16, 2006.

### 5.2.3 ACE Support for Other Homeland Security Applications

The GAO has recommended that CBP take appropriate steps to have future ACE expenditure plans specifically address proposals or plans to extend or use ACE infrastructure to support other homeland security applications. To date, no expenditures have been planned for ACE to support other homeland security applications. As such, there are no cost and schedule impacts available at this time. Should such plans be developed, CBP will include the resulting cost and schedule impacts in future expenditure plans. Nonetheless, OIT is coordinating with other homeland security application programs in the following areas:

- The overall DHS cargo screening information technology architecture is being coordinated by the Cargo Screening Subcommittee of the DHS CIO Council. Members of this subcommittee, chaired by the CBP CIO, include the CIOs of the Transportation Security Administration, U.S. Coast Guard, Federal Emergency Management Agency, Domestic Nuclear Detection Office, and DHS Science and Technology directorate, as well as representatives from the office of the DHS CIO. ACE program managers are supporting the work of this subcommittee.
- OIT is taking appropriate steps to ensure that CBP systems, including ACE and the Automated Targeting System (ATS), are compliant with the Service Oriented Architecture (SOA) that was developed by OIT and adopted by the DHS CIO Council. Compliance with the SOA will facilitate any future efforts to leverage ACE and ATS capabilities across the Department.
- ACE Screening and Targeting capabilities are being integrated with ATS. The modernized ATS will provide new Screening and Targeting capabilities and enable greater flexibility to more rapidly incorporate emerging technologies in the future.
- OIT is coordinating ACE implementation with the existing support for the Container Security Initiative (CSI) via existing production systems, including the Automated Manifest System and the ATS. When completed, CCR (Release 6) and S&T capabilities will support the automation requirements of the CSI program.
- OIT is coordinating with SBI program planners to ensure interoperability between SBI technology and the existing CBP technology architecture.
- CBP continues to coordinate with other Federal agencies through ITDS and the United States Visitor and Immigrant Status Indicator Technology (US-VISIT) program, in particular. Joint ACE/US-VISIT coordination activities include monthly

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program integration meetings focusing on integrated master schedule management, risk, Earned Value Management (EVM), measurement, and process improvement, including the use of Lean and Six Sigma process and quality improvement best practices in the daily operation of both programs. Quarterly executive meetings continue to focus on program budgeting, operations and maintenance, and infrastructure.

### 5.2.4 Measurement of Program Management Improvement Efforts

The GAO has recommended that CBP define, collect, and use measures for determining whether prior and future program management improvements are successful. Initial efforts to respond to this recommendation focused on ensuring that the government could measure the progress of the prime contractor's implementation of the 2003 Performance Improvement Action Plan. Toward this end, OIT increased its emphasis on EVM analysis at ACE program-level performance reviews, including the monthly program management review. In addition, OIT implemented a systematic program to continually improve the quality of data from its EVM system for the Modernization Program. Consistent with OMB directives, and the President's Management Agenda, the EVM system is used to predict potential future performance, plan for and implement corrective actions, and assess whether management changes have positively affected cost and schedule performance. EVM is an integral facet of the accountability framework (discussed below in section 5.2.5) that CBP is using to assess business and program management performance across the Modernization Program.

### 5.2.5 Accountability Framework

The GAO has recommended that CBP implement an accountability framework that covers all program commitment areas, and that the accountability framework be included in the June 30, 2006, Quarterly Report to Congress on ACE. ACE program leadership has instituted the use of the ACE Accountability Framework to provide a comprehensive assessment of ACE capabilities; cost; schedule; EVM indicators; program risks; mission values and benefits (relative to Department and agency strategic goals); and business performance measures. Updated monthly and used as the basis for monthly Program Management Reviews (PMRs), the ACE Accountability Framework supports informed executive decision-making and provides external program stakeholders with consistent, transparent reporting on progress against program commitments.

The structure of the ACE Accountability Framework, depicted in Appendix D, is populated with information on all ACE projects and releases. Data for the ACE Accountability Framework is sourced from a measurements database that integrates a variety of data sources. The ACE Accountability Framework includes the "critical few" performance measurement data that demonstrate the extent to which ACE is achieving the CBP Desired Results (as reflected in the CBP Strategic Plan) that apply to ACE. As noted in section 5.2.11 of this report, CBP has developed a revised set of ACE performance measures. Having completed efforts to develop specific measurement

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targets, the ACE Accountability Framework will report program performance relative to these targets. Prior to distribution at the PMR, CBP directors review and approve the accuracy of ACE Accountability Framework content for the ACE projects and releases within their respective areas of responsibility. CBP continues to work with stakeholders to further enhance the format, readability, and utility of the ACE Accountability Framework as a program management and reporting tool.

As part of its recommendations on establishing an accountability framework, the GAO has also recommended that CBP ensure the currency and completeness of program commitments in expenditure plans; establish reliable data to measure progress against commitments; ensure that future expenditure plans report progress against commitments in prior expenditure plans; ensure key readiness milestones account for indicators of system maturity, such as severity of open defects; and establish clear roles and responsibilities between the government and the prime contractor. Toward this end, CBP has taken the following actions:

- To ensure the currency and completeness of program commitments made to Congress in expenditure plans, CBP will ensure that all future expenditure plans contain the timeliest information available when each plan begins the review process. CBP will provide any updates to this information in Quarterly Reports to Congress on ACE.
- To establish reliable data to measure progress against commitments, OIT has combined Problem Trouble Report (PTR) tracking under a development team, which has greatly improved establishing, assessing, and reporting on data that assists in assessing system quality and performance. OIT has also implemented the use of Remedy software to track all trouble tickets, notify ACE users via e-mail when trouble tickets can be resolved only through the resolution of a PTR, and notify ACE users via e-mail when resolution and implementation of a PTR will result in closure of a trouble ticket. Moreover, OIT has taken steps to ensure that Dimensions, a configuration management software tool that is also used to track system defects, is current and provides an accurate inventory all system defects.
- To ensure that future expenditure plans report progress against commitments contained in prior expenditure plans, CBP added a section to the Fiscal Year 2006 (FY06) Expenditure Plan that tied back to and tracked milestones and other program commitments made in all prior expenditure plans. Based on input from Congressional staff members, the subject section of the FY07 expenditure plan (and all future expenditure plans) will include specific planned cost data, as well as actual cost data contained in the ACE Accountability Framework, which will be included as an appendix to the expenditure plan.
- Previous versions of this report discussed CBP efforts to clearly define the roles and responsibilities of CBP and the prime contractor. In its latest report, GAO-06-580, the GAO indicated that CBP had satisfactorily addressed the subject definition of roles and responsibilities.

### 5.2.6 ACE Program Quarterly Reporting

The GAO has recommended that CBP provide accurate quarterly reports to the House and Senate Appropriations Committees on progress in implementing GAO recommendations. CBP has been providing quarterly reports on ACE since November 2002 in response to report language contained in accompanying annual Appropriations Acts, the Customs Border Security Act of 2002 (Trade Act of 2002), and the GAO reporting requirements indicated in this recommendation. CBP will continue to report on efforts to fully address open GAO recommendations through the subject quarterly reports. CBP staff members intend to meet with GAO representatives to ensure that quarterly reports accurately reflect a common understanding of the intent of each open recommendation, as well as critical success factors for fully satisfying each recommendation.

### 5.2.7 Privacy Impact Assessment, Architectural Alignment, and Independent Verification and Validation

The GAO has recommended that CBP fully address the legislative conditions associated with having an approved Privacy Impact Assessment (PIA), ensuring architectural alignment, and employing effective Independent Verification and Validation (IV&V) practices.

- The ACE PIA has been updated based on input from the DHS Privacy Office and the Federal Motor Carrier Safety Administration. CBP is coordinating with DHS Privacy Office staff members to complete the review and approval of the PIA.
- CBP will work with DHS to ensure that an appropriate methodology is used to evaluate the compliance of ACE with the DHS Enterprise Architecture as part of the FY07 Modernization Expenditure Plan development process.
- Beginning October 2005, CBP took steps to align Modernization program IV&V efforts more closely with the Institute of Electrical and Electronic Engineers (IEEE) 1012-2004 Standard for Software Verification and Validation. To further align with this standard, OIT completed and has implemented Version 2.0 of the IV&V Implementation and Management Plan. Implementation of version 2.0 of the subject plan ensures that IV&V efforts are aligned with the IEEE 1012-2004 standard and addresses satisfaction of quality standards for all ACE products, as well as user needs, as defined through requirements, use cases, and design documents.

### 5.2.8 Risk of Severe Defects

The GAO has recommended that the accountability framework should ensure that criteria for exiting key readiness milestones consider indicators of system maturity, such as severity of open defects. Moreover, key milestone decisions should document the risks for proceeding with unresolved severe defects, and provide for mitigating these risks.

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OIT holds weekly formal gate review meetings, at which all ACE and other OIT projects are reviewed at the completion of each stage of the Systems Development Lifecycle (SDLC). Consolidated gate review information templates, which provide a common standard for preparing gate review presentations, as well as a standard agenda, are used to ensure that pertinent issues and risks are evaluated and addressed.

Formalized pre-gate reviews are now used to assure that a rigorous process is followed. Defined gate review criteria have been instituted, including verification of PTR measures in the appropriate stages. These gate criteria are used to determine a project's readiness to transition to the next SDLC stage.

In addition, the ACE program office has strengthened the SDLC gate review process by ensuring that specific risk assessment and acceptance at each review is a requirement for proceeding to the next stage of the SDLC. In addition, the ACE Risk and Issue Management Process has been updated to account for the need to identify risks associated with proceeding beyond SDLC gate reviews. Under the updated process, the designated ACE risk manager is working with project teams to identify appropriate risks, mitigation plans, and impact assessments prior to gate reviews so that gate review decisions will be based on documentation that includes risks and their associated impact. Documented risks are entered into ACE program office risk management software to ensure that CBP has visibility of these risks and can take action to mitigate them as appropriate.

CBP implemented the strengthened SDLC gate review process as part of the May 4, 2006, CDR for ESAR Master Data and Enhanced Accounts (A1), which successfully passed this gate review with no defects. Any known risks associated with proceeding past the milestone have been entered into the CSPO risk tracking system, Active Risk Manager (ARM), and were documented in the ESAR A1 CDR package that CBP submitted to the DHS CIO for certification. On June 27, 2006, the DHS CIO determined that ESAR A1 is conditionally compliant with CDR evaluation criteria. As recommended by the DHS CIO, CBP will address remaining questions on the compliance of ESAR A1 with Section 508 requirements within the next 120 days. The CDR for CCR, e-Manifest: Rail and Sea (M1), is scheduled in August 2006. CBP will continue to work with the DHS CIO to certify that ACE releases are ready to proceed beyond the CDR and PRR milestones.

### 5.2.9 Concurrent Development

The GAO has recommended that CBP minimize the degree of overlap and concurrency across ongoing and future ACE releases. Moreover, CBP should capture and mitigate the associated risks of any residual concurrency. Further to these recommendations, CBP has taken steps to "decouple" Screening and Targeting releases from ACE secure cargo management releases, and will augment ATS with new Screening and Targeting capabilities. This approach will reduce system development interdependencies between ACE Screening and Targeting and secure cargo management capabilities. CBP has also taken specific action in three areas to reduce potential contention for common resources across ACE releases. First, CBP has conducted extensive planning

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to ensure that development milestones eliminate contention for computer hardware environments needed for development, integration, testing, and training activities. Second, CBP is centrally managing underlying ACE shared software services to maximize efficient use of resources, enhance responsiveness to workload peaks, and provide consistent technical management approaches across releases. Third, CBP has divided ACE releases into smaller groups of capabilities or “drops”, which, in turn, will be packaged into “deliveries” of ACE that can include capabilities from more than one release. Managing ACE deliveries allows hardware environments, system testing, integration with legacy systems, training, and deployment activities, as well as required staffing, to be managed across releases, thereby improving planning and reducing resource contention.

CBP has in place a solid program for managing remaining concurrent project and program activities and associated risks. Key elements of this program management foundation include the Requirements Traceability Matrix report, which minimizes the potential for duplicative efforts by providing a complete view of requirements for all ACE releases and software drops, the Integrated Master Schedule, which provides visibility of the planned and actual release/delivery schedules and associated interdependencies; the development of risk-adjusted cost and schedule estimates; Active Risk Manager, a leading software tool that provides visibility of program risks, issues, and mitigation plans, and EVM, which provides early warning signals of potential problems and serves the basis for making course corrections across the program.

### 5.2.10 Earned Value Management

The GAO has recommended that CBP use EVM in the development of all existing and future releases. CBP is currently using EVM for the development of e-Manifest: Trucks (Release 4) production baseline enhancements; CCR, e-Manifest: Rail and Sea (M1); and Targeting Foundation (S2). CBP plans to use EVM in the development of all future releases, and to effect the implementation of EVM within 45 days after the completion of task order negotiations with the prime contractor. CBP projects that EVM will be implemented for ESAR, Master Data and Enhanced Accounts (A1), and Entry Summary and Revenue (A2), as well as Advanced Targeting (S3) by July 31, 2006.

### 5.2.11 Performance Measures

The GAO has recommended that CBP (1) develop the range of realistic ACE performance measures, and (2) align ACE program goals, benefits, desired business outcomes, and performance measures. In a letter dated March 16, 2006, to the Secretary, DHS, the Chairman, Subcommittee on Homeland Security, Senate Committee on Appropriations, further recommended that efforts to develop and align ACE performance measures be completed by July 1, 2006, and that these measures be certified as complete by the CBP Commissioner. The Chairman, Subcommittee on Homeland Security, House of Representatives Committee on Appropriations, also recommended via a letter dated April 4, 2006, to the Under Secretary for Management,

DHS, that ACE performance measures be certified by the Department by July 1, 2006. In response to these recommendations, CBP has updated the ACE performance measures to demonstrate alignment between agency goals and desired results, ACE program goals and benefits, and specific, realistic ACE performance objectives. The ACE performance measures were approved via memoranda from the CBP Commissioner and the DHS CIO on June 30 and July 6, 2006, respectively. Copies of these memoranda are included in Appendix E of this report.

The ACE performance measures provide the foundation of the overall ACE performance measurement program and are based on the Federal Enterprise Architecture and the CBP Performance Reference Model (PRM), which helps narrow the focus of measurement activity on measurement indicators that reflect the agency's goals and objectives. CBP plans to use system and survey generated data to measure the technology inputs, supported outputs, and ultimate outcomes of ACE, including user satisfaction, CBP operational efficiency, and trade facilitation benefits. The agency plans to institutionalize ongoing data collection and reporting of results relative to the ACE performance measures and indicators reflected in the CBP PRM through management reports such as the ACE Accountability Framework. Ongoing ACE program measurement efforts are expected to further clarify the mission impact of ACE and provide a solid foundation for evaluating progress against commitments. Appendix F demonstrates how the new ACE performance measures will be aligned to CBP strategic goals, objectives, and strategies. Specific performance measures will be included in the next edition of this report.

### 5.3 Program Assessment

The role of ACE in supporting land border port operations continues to grow. ACE deployment is complete at the Southern Border, and CBP has begun the initial deployment of ACE truck processing capabilities to land border ports in New York, including Champlain, Cannon Corners, Mooers, Rouses Point, and Overton's Corner. ACE e-Manifest: Trucks (Release 4) capabilities are now operational at 44 land border ports. Use of e-Manifests is also building momentum. There are now 278 companies (including 262 carriers and 16 service bureaus) that are certified to file e-Manifests via EDI. Carriers filed 3,342 e-Manifests in May 2006 (up from 918 in April) that accounted for 18.6 percent of all shipments within ACE ports. Overall, ACE processed 652,209 trucks and 817,929 shipments in May 2006.

CBP will focus in the months ahead on completing the deployment of e-Manifest: Trucks (Release 4). In late June 2006, CBP decided to implement performance upgrades before continuing to deploy ACE capabilities to land border ports in New York. The next edition of this report will discuss any impact of implementing these performance upgrades on the deployment plans outlined below in section 6.1.1. CBP also plans to begin implementing a mandatory e-Manifest policy for trucks at all land border ports on a port-by-port basis. In an effort to facilitate submission of e-Manifests for all carriers, CBP has authorized the use of a third party to transmit e-Manifests to CBP on behalf of a carrier.

## THE AUTOMATED COMMERCIAL ENVIRONMENT

The effect of ACE on truck processing time at land border ports continues to vary by port. In the high-volume port of Detroit (Ambassador Bridge), Michigan, trucks are being processed 29 percent faster since the introduction of ACE (based on a 75 second average processing time during the period June 3 – 9, 2006). Trucks are also being processed faster in the following ports since the introduction of ACE: Laredo, Texas (52 seconds or 31 percent faster); El Paso, Texas (76 seconds or six percent faster); and Port Huron, Michigan (87 seconds or four percent faster). In Nogales, Arizona (63 seconds), and Pembina, North Dakota (122 seconds), truck processing times have increased by 24 percent and seven percent, respectively, since the introduction of ACE. CBP anticipates that the impact of ACE on truck processing time will continue to vary by port depending upon several factors, including the pace of truck processing that is dictated by the port's traffic volume; the extent to which the introduction of ACE modifies a port's workflow procedures; and the extent to which ACE further strengthens cargo screening by reducing paperwork, providing shipment information sooner to primary officers, and enabling officers to increase their focus and time spent on risk assessment. Overall, CBP expects that the deployment of ACE at land border ports, combined with the forthcoming requirement to submit time-saving ACE e-Manifests, will result in widespread efficiency and qualitative gains for CBP and the trade community.

An increasing number of importers and brokers are using ACE to simplify payment processes and manage their import activity. Periodic monthly statement receipts grew to a record \$516 million in duties and fees collected as of May 19, 2006, representing 23.7 percent of total adjusted collections. Since the summer of 2004, CBP has collected more than \$4.5 billion in duties and fees via the ACE periodic monthly statement process.

Overall, trade community participation in ACE continues to grow. Participation grew 58 percent during the third quarter to 4,003 accounts, including ACE Secure Data Portal Accounts and non-portal accounts that can be used to pay duties and fees monthly through a broker. In an effort to provide even more precise context for describing trade community participation in ACE, future editions of this report will discuss the number of Importer of Record (IR) numbers that are participating in ACE via an ACE Secure Data Portal account or non-portal account. Reporting how many IR numbers are associated with ACE accounts will provide an even more complete picture of the extent of trade community participation in ACE. An IR number is the fundamental numeric identifier assigned to each entity that has a relationship with CBP through import transactions.

Inter-agency collaboration on ACE also continues to expand via the ITDS. Nearly 140 users from 16 Participating Government Agencies (PGAs) now have read-only access to certain ACE data, including more than 30 reports that draw from entry and entry summary data. Concept of Operations for the Bureau of Labor Statistics, the U.S. Foreign Trade Zones Board, the International Trade Commission, and the Office of Foreign Assets control have been established and will provide the basis for developing new and revised interagency agreements between CBP and the aforementioned PGAs for their continued involvement in ACE. In addition, the ITDS Board of Directors



expanded its membership to include representatives from the Federal Maritime Commission; the National Oceanic and Atmospheric Administration; the Animal and Plant Health Inspection Service; and the Alcohol and Tobacco, Tax and Trade Bureau. Expansion of the ITDS Board of Directors is expected to further enhance the inter-agency decision making process related to the expanded intergovernmental use of ACE as future capabilities are deployed.

## 6. Program Baseline

### 6.1 Overall Schedule and Cost

CBP continues to manage to the Acquisition Program Baseline, which reflects a \$3.3 billion, 8.5-year program, with completion of ACE development in July 2010. Baseline schedule and cost estimates were validated through the Independent Government Cost Estimate. CBP is nearing the completion of efforts to validate the cost and schedule estimates for future ACE releases and anticipates reporting the results of this validation effort in the next edition of this report.

#### 6.1.1 Detailed Development and Deployment Schedule

Appendix G, Schedule Outlook, compares the current outlook for ACE development and deployment milestones with the program baseline.

#### 6.1.2 Near-Term Milestones

The following are key near-term milestones scheduled between July 1, 2006, and September 30, 2006.

#### **July 2006**

- CBP estimates that e-Manifest: Trucks (Release 4) capabilities will be deployed to additional land border ports in New York, including Trout River, Chateaugay, Churubusco, Fort Covington, Jamieson Line, Ogdensburg, Massena, and Alexandria Bay, as well as the Peace Bridge in Buffalo.
- CBP will update the ACE program plan, following completion of a comprehensive analysis and validation of the cost and schedule for future releases.

#### **August 2006**

- CBP estimates that e-Manifest: Trucks (Release 4) capabilities will be deployed to the Lewiston Bridge, in Buffalo, New York, marking the completion of deployment to New York land border ports.
- Deployment of e-Manifest: Trucks (Release 4) is estimated to be complete at land border ports in Alaska, including Alcan, Dalton Cache, and Skagway.

## THE AUTOMATED COMMERCIAL ENVIRONMENT

- CBP estimates that deployment of e-Manifest: Trucks (Release 4) will begin at land border ports in Vermont and New Hampshire, including Highgate Springs; Alburg Springs; Alburg; Morses Line; Richford; West Berkshire; East Richford; Pinnacle; Derby Line; North Troy; Norton; Canaan; and Beecher Falls, Vermont; and Pittsburg, New Hampshire.
- CBP will complete and obtain Departmental CIO certification of the CDR for CCR e-Manifest: Rail and Sea (M1) capabilities, enabling system development to begin.
- The Test Readiness Review (TRR) will be held for final Targeting Foundation (S2) capabilities, enabling system acceptance testing for all S2 capabilities to begin.
- Over 450 representatives of importers, brokers, and truck carriers will convene August 15-17, 2006, in Chicago, Illinois, for the ACE Exchange conference, which will provide participants with information on ACE benefits, the impact of ACE on business operations, and how to apply for ACE.

### September 2006

- CBP estimates that it will complete deployment of e-Manifest: Trucks (Release 4) capabilities to land border ports in Vermont and New Hampshire, and that it will begin deployment to land border ports in Maine, including Bridgewater, Calais, Eastport, Fort Fairfield, Houlton, Jackman, Limestone, Madawaska, Van Buren, Vanceboro, and Fort Kent.
- CBP will complete installation of Business Objects, a new ACE reporting tool that will provide enhanced reporting capabilities for CBP and PGA users of ACE as well as the trade community.

## 6.2 Fiscal Status

The FY06 Modernization Expenditure Plan, approved by Congress on April 4, 2006, provides \$316.8 million for the design and development of cargo management and Screening and Targeting capabilities. It also supports program management, architecture and engineering activities; enhancements to existing ACE capabilities; costs for infrastructure, operations and maintenance; program office operations; and the ITDS efforts to define PGA requirements for ACE. To date, Congress has appropriated and released \$1.71 billion for ACE/ITDS. Of this amount, \$1.44 billion has been obligated, and \$1.31 billion has been expended (84 percent and 77 percent of released funding, respectively) as of May 31, 2006. Figure 1, below, provides a summary of ACE funding.

## THE AUTOMATED COMMERCIAL ENVIRONMENT

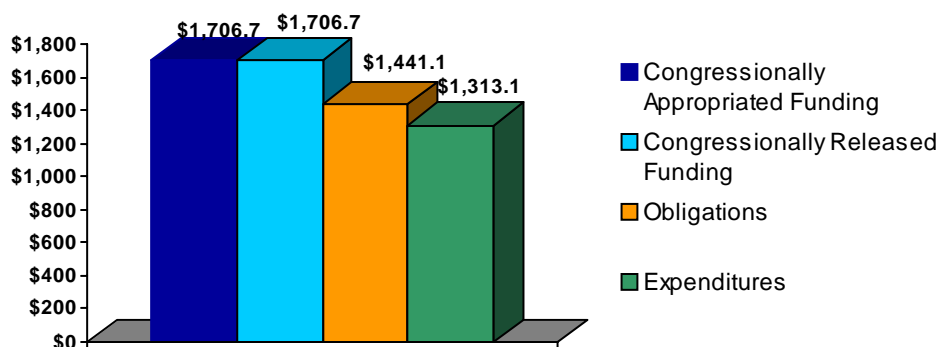


Fig. 1: ACE and ITDS Funding Status as of May 31, 2006

## 7. Conclusion

The completion of e-Manifest: Trucks (Release 4) deployment at the Southern Border, the achievement of the Screening Foundation (S1) ORR, the deployment of S1 at the National Targeting Center, and the monthly collection of more than \$500 million in duties and fees via the ACE periodic monthly statement demonstrates the growing momentum of the ACE program. CBP officers at every land border port on the Southern border are now using ACE to clear incoming truck cargo and are benefiting from reduced paperwork and the ability to increase the time spent on ensuring the safety and legitimacy of incoming cargo. Trade community users have opted to use the ACE periodic monthly statement process to pay nearly 24 percent of all duties and fees collected by CBP—a clear endorsement of the monthly statement’s benefits, including simplified payment procedures and the monetary benefit of paying duties and fees monthly rather than daily.

CBP will continue to work toward the completion of e-Manifest: Trucks (Release 4) deployment. By the end of the calendar year, the phased introduction of a mandatory e-Manifest policy will begin the full implementation of the Customs Border Security Act (Trade Act) of 2002 and the full realization of the e-Manifest’s cargo security and trade facilitation benefits. While focused on delivering new capabilities, CBP continues to work diligently on future releases while meeting the cost and schedule targets in the program baseline. CBP has taken steps to ensure the Modernization program will continue to deliver strong results through the alignment and refinement of metrics for measuring program performance, and development of a new strategic human capital plan that will ensure the ACE program retains and enhances the talent demanded by one of the largest Modernization efforts ever undertaken by the Federal government. CBP is focused on continued delivery of ACE capabilities to the front line, development of new capabilities, and careful stewardship of the taxpayer’s investment in the Modernization program. By maintaining this focus, CBP will ensure that ACE continues to deliver on its promise to both enhance the security of incoming cargo, facilitate the vast majority of legitimate trade, and in so doing, ensure the safety of the American people and the foundation for continued economic growth through trade.

## THE AUTOMATED COMMERCIAL ENVIRONMENT

### **For more information:**

Additional information on ACE may be found on the CBP Web site ([www.cbp.gov](http://www.cbp.gov)) under the ACE: Modernization Information Systems link.

Previous reports to Congress on ACE may be found on the CBP Web site at [http://cbp.gov/xp/cgov/toolbox/about/modernization/ace/newsletters/quarterly\\_reports/](http://cbp.gov/xp/cgov/toolbox/about/modernization/ace/newsletters/quarterly_reports/)

### **Questions may be directed to:**

Thaddeus M. Bingel  
Assistant Commissioner  
Office of Congressional Affairs  
(202) 344-1760

Louis E. Samenfink  
Executive Director  
Cargo Systems Program Office  
(703) 650-3000

Phil Landfried  
Director  
Targeting and Analysis Systems Program Office  
(703) 822-6004

## Appendix A. ACE Implementation and Capabilities

ACE will deliver increased border security and enable improved trade compliance. It will also increase efficiency and improve customer service for key stakeholders, which include importers, brokers, carriers, and Government agencies.

In June 2003, ACE Account Creation was launched with 41 initial importer accounts given access to the ACE Secure Data Portal. Account Creation provides initial on-line account capabilities to CBP and the trade community.

Periodic Payment was launched in June 2004, and an ORR was successfully conducted in August 2004. It allows importers and brokers with ACE accounts to centralize payment processing and to utilize periodic monthly statement and payment capabilities through Automated Clearinghouse Credit and Debit. This release also provides an initial customer account-based subsidiary ledger interface with the CBP general ledger for financial transaction processing, and an expanded account view into account activity logs and exam findings.

Periodic Payment expanded the account management framework to a larger trade audience, including brokers, carriers, and CBP representatives overseeing those areas. The Account Profiles for importers, brokers, and carriers will support some information relevant to the Customs-Trade Partnership Against Terrorism (C-TPAT). A Significant Activities Log provides a record of communications between the account and CBP (and ultimately with PGAs).

The e-Manifest: Trucks capability, which includes an automated truck manifest, expedited information processing, and a primary inspector interface (consolidating seven separate cargo release systems), was piloted in Blaine, Washington, in December 2004. Following completion of the pilot, the e-Manifest: Trucks capability was deployed to selected northern and southern border ports near select hub cities.

In June 2006, CBP deployed the Screening Foundation (S1) capabilities to the National Targeting Center. S1 provides a robust business rules engine to allow easy creation and assessment of rules for air, rail, sea, and truck modes of transportation.

The following is an outline of the features in future ACE releases.

### **ACE Secure Cargo Management Capabilities**

#### **Entry Summary, Accounts, and Revenue (Release 5)**

- Master Data and Enhanced Accounts
  - Most account types, including broker, carrier, commercial driver, importer, consignee, surety, cartman, lighterman, third party claimants, foreign trade zone (FTZ) operator, service provider, warehouse operator, and manufacturer ID/shipper.

## THE AUTOMATED COMMERCIAL ENVIRONMENT

- Master and reference data in ACE
- Cross-account access
- Merge accounts
- Entry Summary and Revenue
  - Entry summary processing
  - Liquidation/closeout
  - Post-summary corrections
  - Reconciliation processing
  - Quota/visa processing
  - Team review processing
  - Anti-dumping/countervailing duty processing
  - Licenses, permits, certificates, and other documents
  - Program participation
  - Managed accounts
    - Prior disclosure processing
    - Protest processing
  - Finance processing
    - Accounts Receivable
    - Collections and receipts
    - Refunds
    - Bond application storage
    - Bond sufficiency
    - Drawback financials

### Cargo Control and Release (Release 6)

- e-Manifest: Rail and Sea
  - Cargo manifest processing for sea/rail modes of transportation and conversion of cargo control databases to multi-modal format
  - Initial Multi-Modal Manifest reporting
  - New JAVA (“Windows”) base presentation for CBP internal users
  - Enhanced information reporting and cargo control capabilities, including:
    - Complete itinerary, improved display of cargo stowage plan, validation of the 24- hour pre-arrival notification rule, and expanded vessel information for sea transport
    - Improved display of the train cargo manifest, house bill of lading information, and expanded train information for rail transport
    - Expanded inter-modal event reporting by trade partners
  - Enhanced data sharing with PGAs
  - Secure wireless capability for CBP Officers to communicate remotely and to query and update transaction and enforcement data
  - Improved method of tracking in-bond (in-transit) cargo and closing it, if it is exported
- e-Manifest: Air

## THE AUTOMATED COMMERCIAL ENVIRONMENT

- Cargo manifest processing and shared multi-modal database with sea/rail modes of transportation
- Enhanced data sharing with PGAs
- e-Manifest: Enhanced Tracking
  - Modernization of Cargo Selectivity “entry” processing (cargo release) in ACE
  - Accept all major entry types

### Exports & Cargo Control (Release 7):

- Drawback, Protest, and Importer Activity Summary Statement (IASS)
  - Drawback
  - Enhanced protest
  - IASS
  - United States Principal Party of Interest Accounts
- e-Manifest: Final Exports and Manifest:
  - Manifest, e-Release, enforcement, and tracking for mail, hand-carry, and pipeline
  - Export processing (modernization of deployed Automated Export System application)

### **ACE Screening and Targeting Capabilities**

#### Targeting Foundation (S2)

- Provides new tools for managing and discerning relationships between entities, and enables system intake of large quantities of data from many more sources. S2 also modernizes the workflow at the NTC. Specific capabilities include:
  - Initial targeting analysis foundation and criteria impact assessment
  - Access to targeting analysis tools (e.g., Request for Information workflow, link analysis, and statistical analysis)
  - Integration of commercial data sources

#### Advanced Targeting (S3)

- S3 provides for additional screening capabilities and extended targeting tools to analyze trends and patterns that indicate a need for additional targeting and analysis. This release will also provide both operational and technical measures of effectiveness for evaluating the results of screening and targeting capabilities. As such, S3 provides:
  - Extended targeting functionality (i.e., analytical tools and models that will help to identify anomalies and potential areas for extended targeting)
  - Extended screening capability to include additional areas (e.g., ACE accounts)
  - Enhanced criteria management and criteria impact assessment
  - Extensions to the CBP Risk Management Circle (e.g., metrics and compliance measures that will provide insight into, and feedback on, operational and technical targeting effectiveness)
  - Feedback loop

## THE AUTOMATED COMMERCIAL ENVIRONMENT






























### Full Screening and Targeting (S4)

- Provide full functionality for all modes of transportation and all transactions
- Full targeting and analysis platform
- Complete S&T framework for all PGAs
- Exports
- Recommended actions
- Completion of the CBP Risk Management Circle
- Integration of passenger and cargo data



## Appendix B. Alignment of ACE Releases with the Modernization Act

The following table illustrates the alignment of ACE Releases with the Modernization Act, Subtitle B, Automation Requirements.

Modernization Act  National Customs Automation Program  HR 3450, Subtitle B, Sec. 631	Percentage of Functionality Completed									
	 10%  25%  50%  75%  90%  100%									
	ACE Releases									
	ACE Foundation and Account Creation (Releases 1 and 2)	Periodic Payment (Release 3)	e-Manifest: Trucks (Release 4)	Screening Foundation (Screening S1)	Targeting Foundation (Screening S2)	Entry Summary, Accounts and Revenue (A1, A2 - Release 5)	Advanced Targeting (Screening S3)	Full Screening and Targeting (Screening S4)	e-Manifest: All Modes and Cargo Security (M1, M2, M3 - Release 6)	Exports and Cargo Control (A3, M4 - Release 7)
Electronic entry of merchandise Sec. 411(a)(1)(A)										
Electronic entry summary of required information Sec. 411(a)(1)(B)										
Electronic transmission of invoice information Sec. 411(a)(1)(C)										
Electronic transmission of manifest information Sec. 411(a)(1)(D)										
Electronic payment of duties, fees, and taxes Sec. 411(a)(1)(E)										
Electronic status of liquidation and reliquidation Sec. 411(a)(1)(F)										
Electronic selection of high risk entries for examination: (1) cargo Screening and										
(2) entry summary screening Sec. 411(a)(1)(G)										
Electronic filing and status of protests Sec. 411(a)(2)(A)										
Electronic filing (including remote filing under section 414) of entry information with the Customs Service Sec. 411(a)(2)(B)										

## Appendix C. Strategic Human Capital Management Plan

The following table lists the five goals of the CSPO SHCMP and the planned strategies supporting each goal.

<b>Goal 1: Expand culture of strategic leadership</b>
Strategies:
1. Establish a mentoring program between seasoned Project Managers and graduates of the Project Management course.
2. Define temporary detail assignments between Headquarters staff and the field, supporting cross training and to help employees gain management, field experience, and technical skills.
3. Incorporate knowledge sharing as a priority among management teams and create this as a regular agenda item at staff meetings. Analyze and define processes to increase knowledge sharing.
<b>Goal 2 – Develop a flexible, quality hiring strategy</b>
Strategies:
1. Expand the Student Career Experience Program (SCEP) to attract young information technology students.
2. Partner with CBP Office of Human Resource Management (HRM) and OIT's Workforce Management Group (WMG) to identify innovative ways to compete for qualified IT professionals at all grade levels.
3. Offer PM graduates the opportunity to put their PM skills into practice by offering 90 day temporary duty to shadow a manager and manage a project with appropriate guidance and mentoring.
4. Offer more rotational and promotional opportunities between headquarters staff [e.g., OIT and Office of Field Operations (OFO)] and/or the field.
<b>Goal 3 – Develop and implement a Succession Management Plan</b>
Strategies:
1. Identify potential leaders within the mid-management ranks to backfill the successions in the next several years in conjunction with the Office of Human Resources Management to ensure Merit Principles are followed.
2. Identify positions of risk and build a cadre of key technical or management staff who is skilled in several key areas of expertise.
3. Identify high-risk bench strength areas and develop a contingency plan to assure the area is covered.
<b>Goal 4 – Development and Retention of Employees</b>
Strategies:
1. Identify career paths for the following positions so that employees can develop expertise in a technical or managerial area with equivalent promotional potential: <ul style="list-style-type: none"> <li>• Project management</li> <li>• Senior technical positions</li> <li>• Engineer</li> <li>• Business manager</li> </ul>
2. Provide rotation and promotion opportunities between the Field and headquarters and between OIT and OFO.
3. Continually Improve the Project Management Program (PMP): <ul style="list-style-type: none"> <li>• Ensure appropriate criteria for selection into Project Management Program training</li> <li>• Opportunities for newly trained and/or certified Project Managers to manage projects (90 day detail or shadowing)</li> <li>• Experienced Project Managers visit class during training.</li> <li>• Trainees apply for identified rotational opportunities to work as a Project Manager.</li> </ul>
4. Cross train employees in critical skills areas.
5. Analyze and benchmark effective knowledge management strategies.
6. Review work life programs that would provide a better quality of life for the work force: e.g., flexible workplace, work schedule, retention bonuses, etc.
7. Offer more group awards for special teams or projects to both reward employees and encourage teamwork.
<b>Goal 5 – Re-Define a Performance Culture (Reward Excellence)</b>
Strategies:
1. OIT anticipates a future need to respond to the following types of changes that are likely to come about with MAX <sup>HR</sup> : <ul style="list-style-type: none"> <li>• Revised job evaluation system</li> <li>• Modified salary and classification system</li> <li>• New performance management system</li> <li>• Modified labor-management relations system</li> </ul>

# THE AUTOMATED COMMERCIAL ENVIRONMENT

## Appendix D. ACE Accountability Framework

The following chart illustrates the categories of data that are captured on ACE capabilities, cost, schedule, EVM indicators, risks, mission values and benefits, and business performance measures.

Release Name (Release #)		Schedule Start/Finish:										
Capabilities	Plan					Comments						
Accomplishments												
Cost / EV		Original Plan*	Current Plan*	Contract Value	Estimate (EAC)	Actual	Percent Complete	CPI	SPI	CV	Projected VAC	VAC %
	Comments:											
Schedule	Milestone	Original Plan*	Current Plan	Contract	Estimate	Actual	Comments					
	PDCR											
	PDR											
	CDR											
	TRR											
	PRR											
	ORR											
General Comments												

\* Original Plan is Program Plan V11.2  
 Current Plan is Program Plan v12  
 Estimate is Latest Plan w/updates to Program Plan V12

Acquisition Sensitive

# THE AUTOMATED COMMERCIAL ENVIRONMENT

## Appendix D, continued

The following chart illustrates the categories of data that are captured on ACE capabilities, cost, schedule, EVM indicators, risks, mission values and benefits, and business performance measures.

Release Name (Release #)

<b>Risk</b>	<b>Risk #</b>	<b>Risk Statement</b>		<b>Summary of Mitigation Plan and Status</b>								
<b>Mission Value / Benefits</b>	<b>DHS Strategic Goals</b>	<b>CBP Strategic Goals</b>	<b>ACE CBA Benefits</b>	<b>ACE DBR</b>	<b>ACE DBR Objective</b>	<b>Release Objective</b>	<b>PM#</b>					
<b>Performance Measures</b>	<b>PM#</b>	<b>Performance</b>	<b>FY05</b>		<b>FY06</b>		<b>FY07</b>		<b>FY08</b>		<b>FY09</b>	
			<b>Plan</b>	<b>Actual</b>	<b>Plan</b>	<b>Actual</b>	<b>Plan</b>	<b>Actual</b>	<b>Plan</b>	<b>Actual</b>	<b>Plan</b>	<b>Actual</b>
<b>Comments:</b>												

# THE AUTOMATED COMMERCIAL ENVIRONMENT

## Appendix E. Approval of ACE Performance Measures

The following memoranda from the CBP Commissioner and the DHS CIO document approval of the ACE performance measures that were developed in response to recommendations by the GAO and the Chairmen of the Subcommittees on Homeland Security of the Senate and House Committees on Appropriations.

U.S. Department of Homeland Security  
Washington, DC 20229



U.S. Customs and  
Border Protection

JUN 28 2006

### MEMORANDUM FOR COMMISSIONER

THROUGH: Deputy Commissioner

FROM: Assistant Commissioner *Red MacDonald*  
Office of Information and Technology

SUBJECT: Automated Commercial Environment Expenditure Plan  
Requirement: Certification of Performance Measures

As part of their approval of the Fiscal Year 2006 Automated Commercial Environment (ACE) Expenditure Plan, the Senate and the House of Representatives Appropriations Committees required CBP to improve ACE performance measurement. Specifically, the letters from the respective Subcommittees on Homeland Security require that CBP demonstrate alignment between ACE program goals, benefits, desired business outcomes, and performance measures. Combined with the related Government Accountability Office recommendation, this alignment must be grounded in realistic, outcome-based performance measures. The letter from Senator Gregg, Chairman of the Committee on Appropriations, requires the Commissioner to "certify" the alignment of the ACE performance measures (a copy of this letter is attached).

The ACE team, in coordination with affected operational offices, has developed a credible set of performance measures that are aligned to the CBP and DHS strategic plans. As indicated in the attached CBP Performance Reference Model (PRM), the ACE team used the CBP Strategic Plan – which demonstrates linkages to DHS strategic goals – and the PRM, as the template to demonstrate the aforementioned alignment. The next phase of ACE performance management will include baseline data collection, threshold/target development, and ongoing data collection.

I believe this effort effectively complies with the requirements set forth by Congress. We have also had the attached measures reviewed by the Offices of Field Operations, Finance, Strategic Trade, and Policy and Planning. The Assistant Commissioners/Director of those offices have concurred with the measures.

Based on the work of the ACE team, as reflected in the attached PRM, I request your signature on the "approve" line, below, to provide the alignment certification requested by Congress. The Appropriations Committees' letters require this certification by July 1, 2006, with documentation of this accomplishment in the June 30, 2006, ACE Quarterly

# THE AUTOMATED COMMERCIAL ENVIRONMENT

## Appendix E, continued

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report to Congress. As the June 30 report will not be submitted until later in July, we anticipate meeting the date specified by Congress.

I have separately requested certification from the DHS Chief Information Officer, Scott Charbo, based on the requirement in the House approval letter for Department-level certification.

Thank you for your consideration of this request. Should you have any questions, please do not hesitate to contact me.

APPROVE: W. Ralph Barber June 30, 2006  
Signature Date

DISAPPROVE: \_\_\_\_\_  
Signature Date

LET'S DISCUSS: \_\_\_\_\_  
Signature Date

Attachments

# THE AUTOMATED COMMERCIAL ENVIRONMENT

## Appendix E, continued

U.S. Department of Homeland Security  
Washington, DC 20229



U.S. Customs and  
Border Protection

JUN 28 2006

MEMORANDUM FOR SCOTT CHARBO  
DEPARTMENT OF HOMELAND SECURITY  
CHIEF INFORMATION OFFICER

FROM: Chief Information Officer *R. Macdonald*  
U. S. Customs and Border Protection

SUBJECT: Automated Commercial Environment Expenditure Plan  
Requirement: Certification of Performance Measures

Earlier this year, the Senate and the House of Representatives Appropriations Committees approved the release of Fiscal Year 2006 Automated Commercial Environment (ACE) funding to U.S. Customs and Border Protection (CBP). One of the stipulations in that approval is the requirement to demonstrate improvement in measuring ACE performance. Specifically, CBP must demonstrate "explicit alignment between ACE program goals, benefits, desired business outcomes and performance measures, and agency mission outcomes"; and "include realistic, outcome-based performance measures." The letter from Chairman Rogers of the House Subcommittee on Homeland Security (attached) specifies that the performance plans must be certified by the Department.

Accordingly, I am providing you with the attached set of ACE performance measures that are realistic, outcome based, and aligned to the CBP and DHS strategic plans. As indicated in the attached CBP Performance Reference Model (PRM), the ACE team used the CBP Strategic Plan – which demonstrates linkages to DHS strategic goals – and the PRM, as the template to demonstrate the aforementioned alignment. The next phase of ACE performance management will include baseline data collection, threshold/target development, and ongoing data collection.

To fully satisfy the Congressional requirement, I request that you sign below to indicate your approval of the attached performance measures. As the Congressional letters had separately required DHS Chief Information Officer certification of ACE software releases, I believe that your approval as DHS CIO, of the attached plan will satisfy the requested Department-level certification. The Appropriations Committees' letters require this certification by July 1, 2006, with documentation of this accomplishment in the June 30, 2006, ACE Quarterly Report to Congress.



THE AUTOMATED COMMERCIAL ENVIRONMENT

Appendix E, continued

- 2 -

Thank you for your support of this request. Should you have any questions, please do not hesitate to contact me on 202-344-1680.

APPROVE:

  
Signature

7/6/06  
Date

DISAPPROVE:

\_\_\_\_\_  
Signature

\_\_\_\_\_  
Date

LET'S DISCUSS:

\_\_\_\_\_  
Signature

\_\_\_\_\_  
Date

Attachments



# THE AUTOMATED COMMERCIAL ENVIRONMENT

## Appendix F. ACE Performance Measures

Appendix F demonstrates how the new ACE performance measures will be aligned to CBP strategic goals, objectives, and strategies. Specific performance measures will be included in the next edition of this report.

DRAFT

CBP Performance Reference Model								
CBP Strategic Goals	Objectives	Strategies	Performance Measures	Release	Baseline	Planned Improvement to the Baseline	Actual Results	Desired Results
1: Preventing Terrorism at Ports of Entry: Prevent terrorists and terrorist weapons, including weapons of mass destruction and weapons of mass effect, from entering the United States.	1.2: Improve information and targeting	1.2.1: Use advanced passenger and cargo information (NTC, ATS-Air, ATS, Screening and Targeting ACE) to pre-screen, target and identify potential terrorists and terrorist shipments and any related activity.						
4: Facilitating Legitimate Trade and Travel: Facilitate the more efficient movement of legitimate cargo and people.	4.1: Modernize Possessing systems	4.1.1: Develop and improve systems that can provide advance manifest information for pre-screening cargo containers, agricultural products and passengers to aid in the identity of high risk commercial enforcement.						
	4.6: Ensure revenue protection	4.6.1: Develop strategies to maximize collection efforts, for revenue owed the U.S. Government under existing laws and regulations, by ensuring that CBP's controls over the revenue process are keeping pace with changes in the trade environment.						
5: Protecting America and its Citizens: Contribute to a safer America by prohibiting the introduction of illicit contraband, such as illegal drugs, counterfeit goods and other harmful materials and organisms, into the United States.	5.1: Utilize information and intelligence	5.1.3: Deploy Multi-Modal Manifest and new screening and targeting tools within ACE to ensure that all forms of transportation information are collected in advance and appropriately screened for enforcement concerns.						
6: Modernizing and Managing: Build a strong, modern management infrastructure that assures the achievement of business results.	6.1: Maintain financial integrity	6.1.1: Maintain and improve financial and administrative systems, along with increasing the use of technology to provide customers and stakeholders with accurate, timely and integrated data.						

## Appendix G. Schedule Outlook

The following table compares ACE Program Plan Version 11.2 Development Milestones (program baseline) with current projections.

Release Name	Key Milestone	Acquisition Program Baseline	Current Outlook
<b>ESAR (Release 5)</b>			
• Master Data and Enhanced Accounts	PRR ORR FOC*	07/17/06 12/19/06 09/08/08	10/02/06 12/29/06 01/29/07
• Entry Summary and Revenue	PRR ORR FOC	07/17/06 12/19/06 09/08/08	07/02/07 10/01/07 11/01/07
<b>e-Manifest: All Modes and Cargo Security (Release 6)</b>			
• e-Manifest: Rail and Sea	PRR ORR FOC	11/03/08 04/06/09 03/11/10	10/02/06 12/29/06 12/29/07
• e-Manifest: Air	PRR ORR FOC	11/03/08 04/06/09 03/11/10	07/02/07 10/01/07 10/01/08
• e-Manifest: Enhanced Tracking	PRR ORR FOC	11/03/08 04/06/09 03/11/10	03/02/09 06/01/09 07/01/09
<b>Exports and Cargo Control (Release 7)</b>	PRR ORR FOC	02/15/10 07/16/10 07/22/11	9/30/09 12/31/09 01/31/10
<b>Screening Foundation (S1)</b>	PRR ORR FOC	08/18/05 11/10/05 11/10/05	12/22/05 04/06/06 04/06/07
<b>Targeting Foundation (S2)</b>	PRR ORR FOC	04/27/06 07/20/06 07/20/06	10/05/06 11/09/06 07/31/07
<b>Advanced Targeting (S3)</b>	PRR ORR FOC	11/29/06 02/28/07 02/28/07	06/14/07 07/27/07 10/27/07
<b>Full S&amp;T (S4)</b>	PRR ORR FOC	07/21/09 10/13/09 10/13/09	04/17/08 06/12/08 02/20/09

\*Full Operational Capability (FOC) reflects the date by which releases will be fully deployed nationwide.

## Appendix H. Acronyms and Selected Definitions

<b>ACE</b>	Automated Commercial Environment. The first major project of U.S. Customs and Border Protection Modernization. Through enhanced business processes and the new technology in ACE that will support them, border security and trade facilitation will be greatly enhanced.
<b>APB</b>	Acquisition Program Baseline
<b>ATS</b>	Automated Targeting System
<b>CBP</b>	U.S. Customs and Border Protection
<b>CCR</b>	Cargo Control and Release (Release 6)
<b>CDR</b>	Critical Design Review
<b>CIO</b>	Chief Information Officer
<b>CSI</b>	Container Security Initiative
<b>CSPO</b>	Cargo Systems Program Office: The program office responsible for ACE cargo management capabilities and other cargo processing systems
<b>C-TPAT</b>	Customs-Trade Partnership Against Terrorism
<b>DHS</b>	Department of Homeland Security
<b>e-Manifest</b>	Electronic Manifest
<b>EDI</b>	Electronic Data Interchange
<b>ESAR</b>	Entry Summary, Accounts, and Revenue
<b>EVM</b>	Earned Value Management
<b>FOC</b>	Full Operational Capability
<b>FTZ</b>	Foreign Trade Zone
<b>FY</b>	Fiscal Year
<b>GAO</b>	Government Accountability Office
<b>HCM</b>	Human Capital Management
<b>IEEE</b>	Institute of Electrical and Electronic Engineers
<b>IR</b>	Importer of Record
<b>ITDS</b>	International Trade Data System
<b>IV&amp;V</b>	Independent Verification and Validation
<b>LCCM</b>	Life-Cycle Cost Model

## THE AUTOMATED COMMERCIAL ENVIRONMENT

<b>OIT</b>	Office of Information and Technology
<b>OMB</b>	Office of Management and Budget
<b>OPM</b>	Office of Personnel Management
<b>ORR</b>	Operational Readiness Review
<b>PGA</b>	Participating Government Agency
<b>PDR</b>	Preliminary Design Review
<b>PIA</b>	Privacy Impact Assessment
<b>PMR</b>	Program Management Review
<b>PRR</b>	Production Readiness Review
<b>PRM</b>	Performance Reference Model
<b>PTR</b>	Problem Trouble Report
<b>S&amp;T</b>	Screening and Targeting
<b>SDLC</b>	Software Development Lifecycle
<b>SHCMP</b>	Strategic Human Capital Management Plan
<b>TASPO</b>	Targeting and Analysis Systems Program Office: The program office responsible for Screening and Targeting systems, including ATS and ACE Screening and Targeting development efforts
<b>US-VISIT</b>	United States Visitor and Immigrant Status Indicator Technology